We will give one or two illustrations. So, all of you are welcome at 10 o'clock in Room No.63, or whatever it is.

डा॰ अबरार अहमद: राजस्थान में पेंडिंग योजनाओं के बारे में ...

श्री सभापति: आपका प्रश्न हो गया।

श्री जगमोहन: कोई योजना पेंडिंग नहीं है। In fact, the hon. Chief Minister has written a letter, thanking me for the deep interest I have taken in Rajasthan.

Higher interest rates in RRBs

*382. SHRI RAMA MOHANA RAO: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that interest rates in Regional Rural Banks (RRBs) are higher than those of commercial banks; and

(b) if so, the action proposed to take up the right type of restructuring plan for RRBs?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) and (b) A Statement is placed on the Table of the House.

Statement

(a) The interest rate structure of Regional Rural Banks (RRBs) is generally more or less similar to that of the commercial banks/sponsor banks operating in their area of operation.

As part of financial sector reforms, Reserve Bank of India (RBI) has deregulated the interest rate structure in the Banking Sector. The Board of Directors of each RRB is free to decide their interest rate structure taking into account the cost of funds, competitive rates in their command area, yield of loans/investments, establishment cost, etc.

(b) To facilitate strenghtening and revitalisation of RRBs the following policy initiatives have been taken:—

- recapitalisation of 187 RRBs;
- diversification of business portfolio and activities;

- rationalisation of branch network including relocation and merger of loss-making branches; and
- providing greater role to the sponsor banks in the management of RRBs.

Further, Government had constituted a Working Group to review the RRB Act, 1976. The Working Group was required to review the progress in dispensation of rural credit especialy through RRBs since their inception and to make detailed recommendations in regard to legal, regulatory, supervisory, institutional and technological dimensions for making RRBs an effective instrument for development and growth of the rural economy. The Working Group has submitted its report to Government, which is under consideration.

SHRI K. RAMA MOHANA RAO: Sir, I would like to know whether some of the RRBs have closed shop and shifted to towns, without redeploying the resources in the rural areas where they were mobilised, as is evident from the low credit-deposit ratio of 41% and the investment-deposit ratio of 70%. What type of reforms are proposed in respect of the Regional Rural Banks in order to benefit the weaker sections of the society?

SHRI JASWANT SINGH: Sir, as for the figures the hon. Member has cited, about certain specific RRBs, it is altogether different. But, so far as reform or reforming the Regional Rural Banks is concerned, the hon. Member knows that the Chalapati Rao Committee, which was constituted to go into this question, has given its recommendations. Without taking much time of the House, I can share with the hon. Members some of the major recommendations of the Committee. There is recommendation for change in the capital structure and ownership pattern, about the structural consolidation, about the size of the Board and the role and functions of the Chairman and also regulatory framework and capital adequacy. It is a very comprehensive Report. There has been some improvement in the last decade or so in the functioning of the RRBs, and we will continue to monitor the progress of the RRBs.

SHRI K. RAMA MOHANA RAO: Sir, my second supplementary is, whether the merger of weak RRBs with commercial banks has proved beneficial. If so, the details thereof. In case of merger, how will the promotion problems of the staff of RRBs would be solved?

SHRI JASWANT SINGH: Sir, compared to the commercial banks, the origin of the RRBs is different. The RRBs were really started—or meant specifically—for lending to the farming community, artisans, etc. Then, around 1993-94, they were brought into the pattern of large commercial banking sector; and now they really operate as any ordinary bank. But, so far as the total percentage to agriculture lending is concerned, the RRBs are contributing only about seven per cent to the agricultural sector, 41 or 43 per cent is being provided by the cooperative banks; and 52 per cent is being provided by the commercial banks.

SHRI PRANAB MUKHERJEE: Sir, the hon. Minister has stated in the last part of his answer that one of the terms and conditions of the Working Group—this Group was setup to review the RRB Act of 1976, and its Report is now available—was to review the progress in dispensation of rural credit, especially through the RRBs. So, it was one of the major objectives. To institutions the rural credit, the RRBs were established on 2nd october, 1975. May I know from the hon. Minister—only that aspect of the recommendation, if it is readily available with the hon. Minister—What percentage of rural credit is today institutionalised through the RRBs and through other institutional arrangements, including the commercial banks and cooperative banks? I would like to know what percentage of rural credit is given through the institutional mechanism.

SHRI JASWANT SINGH: Sir, just now, I gave the percentage. Of course, the hon. Member is quite right, as he had been the country's Finance Minister, thalt the establishment of Regional Rural Banks was, without doubt, motivated by the factor of providing a specific instrument for agricultural lending, for rural lending. Thereafter, in 1993-94 or so, when whole nature of RRBs was changed, and as of now—I shared it with the hon. Members—the percentage of rural agricultural credit which is being provided by the RRBs is only about seven per cent of the total; 52 per cent is being provided by the commercial banks; and about 41 per cent is being provided by the cooperative banks. The Chalapati Rao Committee's recommendations have been received, and I have no difficulty in sending you a copy of the recommendations.

श्रीमती सरला माहेश्वरी: सभापति महोदय, मैं आपके माध्यम से माननीय वित्त मंत्री जी से यह जानना चाहती हूं कि क्या वे इस बात से परिचित हैं कि पिछली 26 नवम्बर को ग्रामीण बैंक के कर्मचारियों ने बहुत बड़े स्तर पर धरना दिया था और एक ज्ञापन आपको दिया था? क्या

उस ज्ञापन की मांगों से आप परिचित हैं और अगर परिचित हैं तो उस ज्ञापन की मांगों पर आपने क्या कार्रवाई की? उनकी जो प्रमुख मांग थी, जिसे वे बहुत लम्बे अर्से से कर रहे हैं, वह यह थी कि भारतीय राष्ट्रीय ग्रामीण बैंक का गठन किया जाए, जिसकी आप लगातार उपेक्षा कर रहे हैं। उनकी दूसरी जो सबसे बड़ी मांग थी, वह यह थी कि हमारे संविधान के विरुद्ध, सुप्रीम कोर्ट के आदेश के विरुद्ध जो जन विरोधी अनुशंसाएं चेलापति राव कमेटी ने की हैं, चेलापति राव कमेटी की उन अनुशंसाओं को क्या आप रद्द करने जा रहे हैं या नहीं?

श्री जसवंत सिंह: सभापति महोदय, माननीय सदस्या ने जानना चाहा है कि क्या आपको जानकारी है? हां, मुझे जानकारी है और ऐसी मीटिंग हुई थी। फिर उन्होंने पूछा है कि क्या आपको जानकारी है कि आपको एक ज्ञापन दिया गया था? हां, मुझे जानकारी है। फिर पूछा गया कि क्या मुझे जानकारी है कि उसमें उनकी मांगें क्या थीं? हां, मुझे जानकारी है। ....(**व्यवधान**)... अगर मुझे ज्ञापन दिया गया है तो मुझे तो जानकारी होगी ही। ग्रामीण बैंक के कर्मचारियों से मैं मिला भी था। चेलापति राव की कुछ अपनी मान्यताएं हैं, हम उनको स्क्रेप करने नहीं जा रहे हैं। रहा सवाल नेशनल रूरल बैंक का, जिस पर काफी दिनों से विचार हो रहा है, मैं पुन: इस मसले पर विचार करके इसकी जांच करवाऊंगा कि नेशनल रूरल बैंक स्थापित किया जा सकता है या नहीं किया जा सकता।

**383 [The questioner (Shri Anil Sharma) was absent for answer vide page 31].*

**384 [The questioner (Shri Mati Lal Sarkar) was absent for answer vide pages 31-32].*

Inspection of Central and State Co-operative Banks by NABARD

*385. SHRI ABANI ROY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether NABARD has conducted statutory inspection under Section 35 of the RBI Act in regard to Central and State Cooperative Banks;

(b) if so, the details of the irregularities noticed by NABARD; and

(c) whether NABARD has further taken any action in this regard and if so, the details thereof?